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THE Wool SITUATION

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SUMMARY

The average price received by farmers for wool in June was 7.8 cents per pound higher than a year earlier and 7.7 cents higher than in April of this year. The increase in price reflects strong demand and the short supply of the better qualities of wool.

Early in June, Commodity Credit Corporation increased the selling prices of domestic wool. On a clean basis, the increase for shorn wools ranged upward to 18 cents per pound and for pulled wools upward to 22 cents, depending on grade and staple. This increase brought CCC selling prices more in line with current market prices. Prices of imported wools at Boston increased rapidly this spring as prices advanced in foreign markets. June prices of fine Australian good top-making wools in bond increased 47 percent over the low level reached in March. Price increases for medium wools were more moderate.

Consumption of apparel wool, grease basis, by domestic mills was at an annual rate of 1,055 million pounds during the first quarter of 1948, about 3 percent below the 1947 level. Total consumption of apparel wool during 1948 is expected to be slightly less than the actual consumption in 1947 of 981 million pounds, grease basis.

Domestic wool accounted for a greater proportion of the apparel wool consumed during the first 3 months of this year than in the same period of 1947. This probably reflects the high replacement costs of foreign wools.

So far this year, average weekly consumption of wool in worsted mills has been only slightly below the record 1947 rate. Because of the strong demand for worsteds, wool consumption in the manufacture of worsted products is expected to remain high during the remainder of this year. The supply of woolens and blankets now appears adequate, and consumption in the manufacture of these products is expected to continue at a lower level than in 1947.

During the first quarter imports for consumption of apparel wool were about 9 percent above the first quarter of 1947. As compared with last year, so far this year a greater proportion of imports of wool finer than 44's originated in Argentina and Uruguay. A more than seasonal decline in imports probably occurred during the second quarter.

The carry-over of apparel wool in the United States on April 1 was 18 percent smaller than a year ago. Because of the strong demand for fine and half-blood wools, CCC holdings of these wools were reduced considerably. By the end of May, fine and half-blood wools constituted only one-third of CCC stocks compared with one-half at the beginning of the year. Total CCC stocks were reduced by 28 percent during the 5 months ending May 31. A further reduction is expected during the rest of this year.

STATISTICAL SUMMARY

Item	Unit	Prices 1947 Feb.	Mar.	Apr.	May	1948 Feb.	Mar.	Apr.	May	Last date available as percent of a year earlier
Price received by farmers	Cents	41.1	41.8	40.7	41.7	41.0	40.8	41.8	45.6	109
Parity price	Cents	40.4	41.4	41.9	41.7	45.4	45.2	45.6	46.8	110
Farm as percentage of parity	Percent	102	100	97	100	90	90	92	100	
Boston Market price:										
Domestic wool 1/										
Territory, scoured basis										
64s, 70s, 80s, staple	Cents	116.5	119.6	122.6	122.5	125.5	126.6	129.8	131.0	107
56s, combing	per	104.6	107.6	110.6	110.6	101.0	101.0	101.0	101.0	91
Bright fleece, grease basis	pound									
64s, 70s, 80s, delaine	"	48.0	49.0	50.0	50.0	51.6	51.6	51.5	51.6	103
66s, combing	"	54.5	55.5	56.5	56.6	51.0	51.0	51.0	51.0	90
Foreign wool, excl. duty										
Australian, clean basis										
64s, 70s, topmaking	"	86.0	87.2	93.9	99.0	137.0	129.2	139.9	165.2	167
Montevideo, grease basis 2/										
56s (I's)	"	46.6	46.0	46.5	47.5	61.5	61.5	59.2	62.2	131
50s (II's)	"	---	---	---	46.6	54.0	54.0	54.0	57.0	123
Other textile fibers										
Cotton, Middling 15/16" 3/	Cents	33.3	35.2	35.1	36.0	32.8	34.2	37.2	37.8	104
Rayon staple fiber	per									
Viscose 1-1/2 denier	pound	32.0	32.0	32.0	32.0	36.0	36.0	36.0	36.0	112
Acetate 5 denier	"	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	100

	Unit	Consumption and Supplies 1946 Dec.	1947 Jan.	Feb.	Mar.	1947 Dec.	1948 Jan.	Feb.	Mar. 4/	Last data available as percent of a year earlier
Mill consumption:										
Per week, during month 6/										
Grease basis										
Apparel wool, total	1,000 lb.	20,495	20,424	21,864	20,783	17,336	20,601	20,784	19,656	96
Domestic	"	6,478	6,572	7,154	6,742	9,261	10,804	10,012	9,372	139
Foreign (duty-paid)	"	14,017	13,852	14,710	14,041	8,075	9,797	10,772	10,284	73
Carpet wool (duty-free)	"	4,132	4,034	4,580	4,753	4,507	5,658	6,761	5,769	121
Scoured basis										
Apparel wool, total	"	11,505	11,550	12,092	11,431	8,766	10,425	10,725	10,230	89
Domestic	"	2,919	3,006	3,119	2,911	3,827	4,432	4,167	3,934	136
Foreign (duty-paid)	"	8,686	8,544	8,973	8,520	4,937	6,993	8,658	6,296	74
Carpet wool (duty-free)	"	2,937	2,850	3,271	3,419	3,236	3,957	3,881	4,116	120
Accumulated since Jan. 1 5/										
Grease basis										
Apparel wool, total	Million	1,051.0	102.2	189.6	272.7	981.7	82.4	166.6	263.8	97
Domestic	pounds	229.2	32.9	61.5	88.4	381.6	43.2	83.3	130.1	147
Foreign (duty-paid)	"	821.9	69.3	128.1	184.3	600.1	39.2	82.3	133.7	73
Carpet wool (duty-free)	"	179.9	20.2	38.5	57.5	240.6	22.2	45.3	74.1	129
Scoured basis										
Apparel wool, total	"	609.6	57.7	106.1	151.1	526.9	41.7	84.6	136.8	90
Domestic	"	106.9	15.0	27.5	38.7	181.2	17.7	34.4	54.1	140
Foreign (duty-paid)	"	502.7	42.7	78.6	112.4	364.7	24.0	60.2	81.7	73
Carpet wool (duty-free)	"	128.0	14.2	27.3	41.0	172.3	15.9	31.6	52.1	127
Imports - actual weight 6/										
Apparel wool (duty-paid)	"	46.3	60.1	42.9	51.8	17.5	67.5	50.9	51.1	99
Carpet wool (duty-free)	"	9.3	13.2	14.2	15.4	18.4	42.1	28.6	36.2	229
Accumulated since Jan. 1										
Apparel wool (duty-paid)	"	811.8	60.1	103.0	154.9	438.8	67.5	118.4	169.8	109
Carpet wool (duty-free)	"	241.7	13.2	27.4	42.8	202.3	42.1	70.8	106.0	248
Stocks end of month										
Apparel wool, grease basis	"									
CCC stocks		496.6	465.4	454.3	445.2	333.8	322.2	303.8	275.6	62
Mill and dealer stocks										
Domestic wool	"	167.0			111.1	178.5			177.5	160
Foreign wool	"	266.3			251.0	193.8			207.6	83
Total apparel wool	"	892.9			807.3	706.1			660.7	82
Carpet wool, grease basis	"	141.0			129.3	103.9			114.2	88
Wool fabric production										
Accumulated since Jan. 1										
Men's wear	Million	228.1			60.6	218.0			58.3	96
Women's and children's wear	Linear	234.9			48.8	173.4			49.3	101
Other apparel fabrics	Yards	61.2			15.9	45.2			8.6	54
Total apparel fabrics	"	524.2			125.3	436.6			118.2	93
Blankets	"	48.5			11.0	31.8			6.6	50
Other nonapparel fabrics	"	31.0			7.7	32.4			10.2	132
Total woven fabrics	"	603.7			144.0	500.8			131.9	92

Compiled from official sources.

1/ CCC selling price. 2/ New series based on PMA Boston Market Reports, weekly range quotations. 3/ Average at 10 markets. 4/ Preliminary. 6/ The first month of each quarter in 1947 is a 5-week period. The other months are 4-week periods. The last month of each quarter in 1948 is a 6-week period. The other months are 4-week periods. 8/ Imports for consumption.

DOMESTIC SITUATION

Farm Prices Rise

The average price received by farmers in the United States for wool in June was 49.5 cents a pound, 7.7 cents higher than in April and 7.8 cents above the price for June 1947. The advance in the farm price reflects the strong demand for and short supply of the better qualities of wool.

The Commodity Credit Corporation increased purchase prices for 1948 shorn and pulled wools, effective April 1, 1948. The increases, ranging from 1 to 4 cents per pound, clean basis, were designed to offset higher marketing costs and to assure producers' returns equal to those received in 1946.

Most of the domestic clip of fine staple wools is being marketed outside the CCC program,-at prices considerably higher than the CCC purchase prices. Prices being paid for choice fine staple territory wool in the West range between $1.60 and $1.75 per pound, clean basis, compared with the CCC purchase price of $1.31 and the June price of comparable Australian wool in bond at Boston of $1.82.

Wool Prices Higher in Domestic Markets

CCC selling prices of domestic wools were increased early in June, bringing CCC prices more in line with those prevailing on the open market. The adjusted selling prices provide for increases in 1948 graded territory and Texas staple wools ranging from 8 to 18 cents per pound, clean basis. Increases for other qualities were more moderate. Smaller increases were made for similar grades of 1946 and 1947 clips, while no changes were made in the same grades of 1943-44-45 wools. Increases in the selling prices of 1947 and 1948 worsted-type pulled wools ranged from 4 to 22 cents per pound, scoured basis.

Prices of imported wools rose rapidly during the second quarter as prices advanced in foreign markets. For the week ending July 2, fine Australian good top-making wool was quoted at $1.82 per pound, clean basis, in bond at Boston, 45 cents above the February peak and 58 cents above the low level reached during the sharp decline early in March. This compares with a price of $1.00 in June 1947. Price increases for medium wools were more moderate. Prices of imported fine wools, adjusted for tariff and differences in preparation, were considerably higher at the end of June than the CCC purchase price for comparable domestic wools.

Mill Consumption Down

Mill consumption of apparel wool during the first quarter of 1948 was at an annual rate of 1,055 million pounds, grease basis, about 3 percent (grease basis) or 10 percent (scoured basis) below the 1947 level. Average

weekly consumption in worsted mills during this period was 3.5 percent below the record 1947 rate but higher than for any other year. Because of the strong demand for worsteds, the rate is expected to continue high for most of 1948. In woolen mills, however, average weekly consumption during January-March 1948 was 21 percent less than in 1947, and at a lower rate than in any corresponding period since 1941; however, it was still twice the 1935-39 rate. The supply of woolens and blankets now appears to be adequate, and wool consumption in the manufacture of woolen products probably will continue at a level lower than in 1947.

Domestic wool accounted for 39.8 percent (scoured basis) of total consumption of apparel wool during the first quarter of this year as compared with 25.6 percent a year ago. The increased use of domestic wool probably reflects the higher replacement costs of foreign wools.

Mill Output

During the first quarter of 1948, total production of woven fabrics was estimated at 131.9 million linear yards, a decline of 12.1 million yards or 8 percent from the corresponding period in 1947.

Production of woven worsted and woolen apparel fabrics totaled 116.2 million linear yards, an increase of 2 million yards over the quantity woven in the preceding quarter but about 7 percent less than the output a year ago.

Production of non-apparel fabrics in the first quarter of 1948 showed little change from the final quarter of 1947. Compared with January-March 1947, however, it was down 16 percent--a decrease of 50 percent in blanket output more than offsetting increases in other categories of non-apparel fabrics.

Yarn production totaled 168 million pounds compared with 179 million a year ago. Output of woolen yarn decreased from 112 million pounds to 96 million pounds, while the quantity of yarn spun for the manufacture of worsteds increased from 67 million pounds to 72 million pounds. A continuation of these trends is expected through most of 1948 with most of the decline occurring in the woolen section of the industry.

Stocks of Apparel Wool Decline Sharply

At the end of the first quarter, stocks of apparel wool held by mills and dealers and by the Commodity Credit Corporation totaled 661 million pounds, grease basis, 147 million pounds or 18 percent below a year ago. CCC holdings decreased 170 million pounds while private stocks increased 23 million pounds. Private holdings of domestic wool were about 66 million pounds greater whereas stocks of foreign wool were 43 million pounds less. Total privately held stocks of 385 million pounds, grease basis, on April 1, 1948, were equal to about 21 weeks of consumption, scoured basis, at the first quarter 1948 average weekly rate. This was a little larger than the average of 20.8 for 1935-39.

Table 1.- April 1 carry-over of apparel wool, grease basis, and a comparison of stocks with mill consumption, scoured basis, United States, 1935-39 average and 1940-48 1/

Year	Owned by dealers and mills		Owned by United States Government		Total reported Stocks	Number of weeks mill supply represented by stocks 2/	
	Domestic wool	Foreign wool	CCC (Domestic)	DSC (Foreign)		Privately owned	Total
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	Number	Number
1935-39 Average	162,717	3/49,210			3/211,927	20.8	20.8
1940	98,409	68,618			167,027	18.3	18.3
1941	87,147	112,169			199,316	12.9	12.9
1942	140,951	4/170,244		198,868	510,063	16.0	26.5
1943	122,594	134,704		295,244	552,542	12.2	26.3
1944	75,676	209,934	185,500	275,682	746,792	14.2	34.6
1945	74,051	246,928	291,800	66,832	679,161	14.7	27.2
1946	77,373	297,396	459,600		834,369	19.3	36.0
1947	111,079	250,986	445,200		807,265	17.8	34.4
1948	177,525	207,569	275,562		660,656	21.3	33.2

1/ Data are for reporting dates nearest April 1. Dates of reports range from March 26 to April 4. 2/ Stocks compared with January-March mill consumption, both on a scoured basis. 3/ Includes a small quantity of wool afloat. 4/ Excludes 36's, 40's foreign wool.
Compiled from reports of the Bureau of the Census, Commodity Credit Corporation, and information furnished by Defense Supplies Corporation.

Table 2.- Commodity Credit Corporation owned stocks of domestic wool by grades, grease basis, December 31, 1947, and May 31, 1948

Grade	December 31, 1947	May 31, 1948
	1,000 pounds	1,000 pounds
Fine, 64's, 70's	100,457	42,426
Fine medium and ½ blood 60/64's and 60's	63,046	35,740
3/8 blood, 58's and 56/58's	124,714	123,173
1/4 blood, 50's, 48's	29,450	25,397
Low 1/4 blood, 46/48's	3,507	3,650
Common and braid, 44's, 40's, 36's	1,296	1,424
Other	11,323	7,867
Total	333,793	239,677

Compiled from CCC stock reports of the Livestock Branch, Production and Marketing Administration. Scoured wool converted to grease basis by the Bureau of Agricultural Economics.

Demand for fine and half-blood wools continued strong during the first five months of 1948, and, consequently, CCC sold large quantities of these wools from its holdings. At the beginning of 1948, fine and half-blood wools accounted for 49 percent of total CCC stocks. By May 31, the proportion had been reduced to 33 percent. Holdings of fine and half-blood wools were only about half as large as at the beginning of the year, while stocks of all other grades combined showed a net reduction of only 5 percent or 8.8 million pounds. If mills maintain or increase their use of domestic wool during the rest of 1948, stocks in the hands of the CCC will be further reduced.

Imports of Apparel Wool Show Little Change from a Year Earlier

During the first quarter of 1948, imports for consumption of apparel wool (dutiable) amounted to 169 million pounds (actual weight basis), 14 million pounds over a year earlier. These large imports during the first quarter reflect the withdrawal from bonded warehouses of wool which had been imported during the final quarter of 1947 but which had been held in bond (duty unpaid) until after the reduction in tariff on January 1. A more than seasonal decline in imports of apparel wool probably occurred during the second quarter.

Argentina and Uruguay supplied 60 percent of all imports of wool 44's or finer at the 3 Eastern ports during the first five months of 1948. During the same period in 1947 the figure was 23 percent. Combined imports of such wools from these two countries increased by 73 percent. On the other hand, imports into the 3 Eastern ports from the British Southern Dominions - Australia, New Zealand, and the Union of South Africa - comprised only 33 percent of the total compared with 75 percent last year.

FOREIGN SITUATION

Prices Continue to Rise in Foreign Markets

World demand for wool, particularly of the fine grades, has continued strong. Prices have advanced steadily since mid-March. Prices of fine combing wools at the close of the London sales on June 4 were from 25 to 35 percent over the low level reached during the sharp decline early in March and from 15 to 25 percent above the peak at the January sales. Price rises for medium coarse wools, however, have not been sufficient to offset the March decline. At the close of auctions on June 4, good combing 64's-70's fleeces were quoted at $1.97 per pound, clean basis, compared with $1.44 in the opening week of the March sales and $1.61 for the last week in January. Fine crossbred 56's at the close of the May sales were 97 cents a pound, clean basis, up 6 cents from the price during the March decline, but 4 cents less than on January 30.

Price changes in Dominion markets have been following a pattern similar to that established at the London sales. At Adelaide, Australia, 64's spinners good greasy marino combing fleeces were quoted at $1.77 per pound, clean basis, on May 27, compared with $1.31 on March 12. Prices of good to super greasy crossbred combing fleeces advanced from $1.02, clean basis, on March 12 to $1.47 on May 27. In Brisbane, Australia, spinners and best top-making fleeces were priced at $1.18 on December 18, $1.47 on February 25, and $1.77 on May 27. In South American markets, prices of fine wool have been firm or rising since the season opened in October.

Table 3. - Average price per pound, clean basis, for specified grades of wool at the London auctions, 1934-38 average, and 1946-48

Season beginning July 1	64/70's good medium fleeces	60/64's good medium fleeces	56's fine crossbred fleeces	50's fine crossbred fleeces	46's crossbred fleeces
	Cents	Cents	Cents	Cents	Cents
1934-38 average	58	53	41	34	28
1946-47					
September 13	76	71	64	50	47
September 27	82	74	64	49	44
November 29	82	77	63	50	42
December 13	84	79	62	52	42
February 6	88	84	65	53	44
February 20	89	84	65	53	44
April 17	101	96	64	54	44
May 1	107	103	68	55	44
1947-48					
July 11	110	104	1/	54	43
July 25	123	113	72	56	44
September 19	136	126	82	64	48
October 3	138	126	88	68	50
November 21	138	125	88	70	54
December 5	138	126	89	67	52
January 15	143	134	94	74	55
January 30	161	146	101	76	60
March 5	144	140	91	60	45
March 19	153	146	91	64	45
April 30	161	156	94	71	52
June 4	197	178	97	71	52

1/ No quotation.
Compiled from Kreglinger and Fernau market reports. 1934-38 seasonal averages are based on opening and closing quotations for each series of London sales. Prices converted from pence to cents at current rates of exchange.

Total Exports from Surplus Producing Countries Below a Year Ago

Total exports of wool, both apparel and carpet, from the surplus producing countries during the 1947-48 season probably will be smaller than during 1946-47. However, exports are expected to exceed production for most of these countries; and, thus, a further reduction in stocks would result. Total exports from the five Southern Hemisphere surplus producing countries to the end of February 1948 were 13 percent below the quantity exported during the same period of the 1946-47 season. Exports from the British Southern Dominions during the first eight months of the current season were about one-fourth below the quantity exported during the same period of the previous season. Exports of all wools to the United Kingdom were increased by 63 percent, while exports to the United States dropped from 332 million pounds to 128 million pounds, actual weight basis. The greater part of the exports to the United States from Australia and South Africa consisted of fine wools.

Exports from the South American producing countries, however, were considerably greater than during the previous season. During the first 5 months of the current South American season, combined exports from Argentina and Uruguay were about 82 percent above a year ago. Exports to the United States were increased by 135 percent. Exports from Uruguay to the United States are more concentrated in medium grades, and from Argentina in the coarser grades (40's and coarser). However, these two countries supplied a greater proportion of United States imports of wool finer than 44's during the first 5 months of 1948 than they did a year ago.

Table 4.- Wool exports from 5 Southern Hemisphere countries, actual weight, average 1934-38, annual 1939-47

Season 1/	Australia	New Zealand	Union of South Africa	Argentina	Uruguay	Total
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
1934-38 Average	827	274	231	305	113	1,752
1939	862	277	181	282	106	1,708
1940	537	199	60	418	145	1,359
1941	816	205	288	243	58	1,610
1942	557	209	100	178	105	1,149
1943	509	244	52	225	110	1,140
1944	562	123	88	266	204	1,243
1945	806	296	388	516	145	2,151
1946	1,196	279	413	357	135	2,380
Beginning of season to Mar. 1						
1946-47	814	240	324	125	43	1,546
1947-48	616	251	166	223	83	1,339

1/ Season beginning July 1 in Australia, New Zealand and South Africa, October 1 in Argentina and Uruguay.

Compiled by OFAR and Bureau of Agricultural Economics from official and reliable commercial sources.

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